



**JAGJANANI TEXTILES LIMITED**

**Annual Report 2006-2007**



JAGJANANI TEXTILES LIMITED

# JAGJANANI TEXTILES LIMITED

## BOARD OF DIRECTORS

Mr. R.S.Mehra  
 Mr. S.G.Vyas  
 Mr. S.K.Singhal  
 Mr. H.K.Agarwal  
 Mr. N.K.Khurana  
 Mrs. Shakuntala Vyas  
 Mr. Anil Goyal  
 Mr. Akash Bharatbhai Shah

## COMPANY SECRETARY

Mr. N K Sharma

## AUDITORS

G.Dutta & Co.  
 Chartered Accountants  
 36, New Colony,  
 Jaipur

## REGISTERED OFFICE

S-25, Shyam Nagar,  
 Jaipur – 302 019.

## HEAD OFFICE

F-14, Ashok Vihar,  
 Phase I,  
 Delhi – 110 052.

## MILLS

E-228, RIICO Industrial Area,  
 Bagru Extn.,  
 Bagru – 303 007

## REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Limited  
 C-13, Pannalal Silk Mills Compound,  
 LBS Marg  
 Bhandup (W), Mumbai-400 0078  
 Tel: 022-25960320 (9 Lines)



## NOTICE

NOTICE is hereby given that the 10<sup>th</sup> Annual General Meeting of the Members of JAGJANANI TEXTILES LIMITED will be held at its Registered Office at S-25 Shyam Nagar, Jaipur on Saturday the 29th day of September, 2007 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2007 and Profit & Loss Account for the year ended on that date along with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mrs Shakuntala Vyas, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr S K Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board

(S.G.VYAS)

**WHOLE TIME DIRECTOR**

Place : Jaipur  
Date :29/6/2007

**NOTES:**

**(i) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the time of the Meeting.

(ii) The information pursuant to Corporate Governance Clause of the Listing Agreement regarding the directors seeking appointment/re-appointment in the Annual General Meeting as proposed in item no. 2 & 3 of the Notice is also being annexed hereto separately and forms part of the Notice.

(iii) The Register of Members and the Share Transfer Books of the Company shall remain closed from 28<sup>th</sup> September, 2007 to 29<sup>th</sup> September, 2007.

(iv) The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.

(v) Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.

(vi) Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.

(vii) Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.

By Order of the Board

(S.G.VYAS)

**WHOLE TIME DIRECTOR**

**Place : Jaipur**

**Date :29/6/2007**



**Information pursuant to corporate governance clause of the Listing Agreement regarding the Directors seeking appointment/re-appointment in the Annual General Meeting.**

Name of the Director	Mrs Shakuntala Vyas	Mr S K Singhal
Date of Birth	12.04.1957	30.05.1952
Date of appointment	1.04.1997	23.07.1997
Expertise in specific or more functional area	Associated with the Company since incorporation and have industrial & business experience	Industrial & business experience of more than 28 years
Qualification	B.A	Chartered Accountant
Directorships of other Companies as on 31 <sup>st</sup> March, 2007	Nil	2
Chairman/Member of Committees of other Companies as on 31 <sup>st</sup> March, 2007	Nil	Nil
No. of shares held	20,010	20,60,000



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting 10<sup>th</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL RESULTS

	(Rs.000) Year ended On 31/03/2007	(Rs.000) Year ended On 31/03/2006
Gross sales including other income	183,900	276,136
Gross profit	381,31	324,25
Depreciation	116,91	116,23
Profit before tax	264,40	208,02
Provision for Tax	30,41	18,73
Profit after tax	233,99	189,29
Surplus carried to Balance Sheet	253,67	210,06

### REVIEW OF OPERATIONS

During the year under review, your company has registered a turnover of Rs. 1839 lac as compared to Rs. 2761.36 lac during the previous year. The turnover is lower on account of lower volumes of production due to change in product mix in favour of finer counts and development of blended yarn. The company reviews its product mix from time to time keeping in view the profitability and workability of production plan. Your Directors are pleased to report that the Company earned profit (before depreciation and tax) of Rs. 381.31 lac as against Rs. 324.25 lac in the previous year. After providing for depreciation of Rs. 116.91 lac (Previous Year Rs. 116.23 lac), provision for income tax Rs. 29.57 lac (Previous Year Rs. 18 lac) and provision for Fringe Benefit Tax Rs. 0.84 lac (Previous Year 0.73 lac) the net profit worked out to Rs. 233.99 lac as compared to Rs. 189.29 lac in the previous year.

### MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis Report forms part of this Annual Report and includes discussion on various matters specified under Clause 49(IV)(F) of the listing agreement.

For last couple of years global scene of textile industry is under going substantial changes resulting in relocation of manufacturing facilities across the globe and restructuring of industry. Asian countries like China, India, Pakistan, Bangladesh, Sri Lanka and some East European nations are witnessing rapid growth of textile industry.



Of course, China leads the growth and has emerged the largest global textile player with 20% of world textile trade. India contributes to about 4% of the world trade.

India has been one of the biggest beneficiaries of the abolition of quotas on textile imports by the US and EU after the Agreement on Textiles & Clothing expired on January 1, 2005. Global retailers are now consolidating their sourcing activities for textile products on twin considerations of cost and lead times and India has a good opportunity to capture overseas markets due to availability of full range of textiles in the country.

The Indian domestic textile market is witnessing strong growth led by a young consuming population, its fast growing economy and rising household income levels. The growth of organized retailing is also adding to the demand for textiles.

To keep pace with global changes in textile trade, Govt. of India introduced TUF scheme in 1999 for increased investment for modernization and expansion of textile industry. This has given a fillip to investment and the consequent growth of industry. Your Company has also taken steps to launch expansion and forward integration project under the TUF scheme. The implementation is going on and this will enable the Company to improve its value realizations and consequent betterment of shareholders' value.

### **OUTLOOK ON OPPORTUNITIES & FUTURE PROSPECTS**

The fundamental growth drivers remain strong in India and free movement of textile products would offer better opportunities in the international market. Domestic market is likely to witness improved demand due to growing per capita income, population and strong retail push.

Your Company's expansion project is going ahead in full swing. The civil work for the same is in an advanced stage of completion. Orders for most of the machinery and other equipments have already been placed and it is expected that the weaving facilities would commence production by Oct./Nov. 07 and the Ring yarn production would follow. This would help your Company in improving value realization of its products and contribute for better margins.

### **SHARE CAPITAL & IPO**

The Authorised Share Capital of the Company has been increased from Rs. 1500 lac to Rs. 1800 lac vide resolution passed in the Extra ordinary General Meeting of the Company held on 25<sup>th</sup> August, 2006.

To part finance proposed expansion and forward integration investment, the Company came out with Initial Public Offering of 81 lac shares of Rs. 10 each at a premium of Rs. 15 per share. The issue was over subscribed and allotment completed on 8<sup>th</sup> March, 2007. Part of the proceeds from IPO have been utilized for paying advances for machinery and civil work. The balance amount has been kept as Fixed Deposit with the Bank.



### **MANAGEMENT PERCEPTION OF RISK & CONCERN**

Like all businesses, your Company's business is also susceptible to various risks. You are aware raw material cost is the single largest component of total cost for your Company and any abnormal variation in its price affects the profitability of your Company. Our main raw material is cotton and the same being an agricultural produce is affected by a variety of factors. Moreover commodity prices are cyclical in nature. As a result they exert significant impact on profitability. For last couple of years Govt has allowed introduction of BT cotton and the results thereof are visible on our crop size which has substantially increased. Another factor which has a bearing on your business is value of Indian Rupee vis a vis US Dollar. The rapid strengthening of rupee against dollar has adversely affected export of textile products from India and has consequently affected the rate realization of textile products. Domestic monetary and tax policies also affect your company's business. Your management is taking all possible steps to mitigate the adverse impact of above factors. Finally the Company has chalked out a major expansion cum forward integration plan. The successful installation and stabilization of operations is subject to project execution risk. However, your Company is fully prepared to meet this challenge and execute the project keeping the down side risk to a minimum.

### **INTERNAL CONTROL SYSTEM**

The Company has well defined internal control system commensurate to the size and nature of its business. The Company takes abundant care to design, review and monitor the working of internal control system for optimal utilization and protection of resources. All significant issues are brought to the attention of the Audit Committee of the Board.

### **HUMAN RESOURCES/INDUSTRIAL RELATIONS**

Your Company lays emphasis on building and sustaining an excellent organization climate based on human performance. Performance management is the key word for the Company. During the year Company employed about 32 employees. The Company has developed an environment of harmonious and cordial relations with its employees.

As the Company is in Textile business only, segment reporting is not required.

### **DIVIDEND**

No dividend is being recommended for the year under review to conserve resources for future projects.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, the Directors hereby confirm that:





- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period ;
- iii) the Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis.

### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mrs Shakuntala Vyas and Mr S K Singhal, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

### **OTHER INFORMATION**

Information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975:

None of the employee was in receipt of remuneration in excess of limit prescribed under Section 217 (2A) of the Companies Act, 1956.

#### **Energy, Technology Absorption & Foreign Exchange**

The information required under Section 217(1)(e) of the Companies Act , 1956 read with the Companies ( Disclosure of Particulars in the report of Board of Directors ) Rules, 1988 with respect to Conservation of energy, technology absorption and foreign exchange earnings/outgo is appended hereto and form part of this report.

### **AUDITORS**

M/s G. Dutta & Co., Chartered Accountants, Auditors of the Company retire and being eligible offer themselves for re-appointment.

The observations made by the Auditors in their Report are adequately explained in the notes to the Accounts and significant Accounting Policies and need no further elaboration.



## CORPORATE GOVERNANCE

As per Clause 49 of the listing agreement with the Stock Exchange, a separate section on Corporate Governance forms part of the Annual Report.

A Certificate from the Auditors of the Company confirming compliance with conditions of Corporate Governance as stipulated under the Clause 49 of the listing agreement is annexed to this Report.

## ACKNOWLEDGEMENT

The Board acknowledges the valuable assistance and cooperation extended by I D B I Ltd. and Bank of Baroda Ltd besides the Central Government and the State Government and looks forward to their continued support.

Your Directors commend the commitment and hard work put in by all employees.

For and on behalf of the Board

(S.G.VYAS)  
WHOLE TIME DIRECTOR

Place : Jaipur  
Dated : 29/6/2007